

## Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 FEA-02

SCI-06 SAJ-01 NIC-01 FPC-01 /184 R

DRAFTED BY EUR/SOV:DRPOZORSKI

APPROVED BY EUR/SOV:M KOVNER

EB/ITP/EWT:MLORIMER (DRAFT)

EB/ORF/FSE:FMAU (PHONE)

COMMERCE:HHEISS (DRAFT)

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P 152243Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS:ENRG, US, UR

SUBJECT: ROCK ISLAND DAM PROJECT

REF: MOSCOW 0074

1. IN RESPONSE TO REFTEL PARA 2 INQUIRY, WE PROVIDE THE FOLLOWING INFORMATION:

2. "ROCK ISLAND DAM" IS A HYDROELECTRIC PROJECT LOCATED ON THE COLUMBIA RIVER IN WENATCHEE, WASHINGTON. PUBLIC UTILITY DIVISION (PUD) NO. 1 THERE HAS SOLICITED TWO ROUNDS OF BIDDING FOR A CONTRACT TO SUPPLY 410 MW OF HYDROELECTRIC GENERATING EQUIPMENT (EIGHT 53 MW UNITS) FOR A POWERHOUSE. THE PROJECT WILL USE BULB TURBINE-GENERATORS THAT ARE STRANGERS TO US POWER STATIONS BUT USED WIDELY IN EUROPE AND ASIA.

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THEY ALLOW SIMPLER MORE COMPACT POWERHOUSE DESIGN WITHOUT

COMPROMISE TO THE POWER OUTPUT OF THE STATION.

3. THREE SOVIET-WESTINGHOUSE BIDS, RANGING FROM \$36.4 MILLION TO \$39.9 MILLION, WERE RECEIVED IN JULY, 1973. THE NEXT LOWEST BID, AT \$47.4 MILLION, WAS SUBMITTED BY ALLIS-CHALMERS.

4. IN EACH OF THEIR PROPOSALS, WESTINGHOUSE WOULD MANUFACTURE THE GENERATORS AND LENINGRAD METAL WORKS THE TURBINES. THE \$36.4 MILLION BID INVOLVES SOVIET DESIGNED AND MANUFACTURED TURBINES WITH STAINLESS-CLAD CARBON-STEEL BLADES; THE

\$39.9 MILLION BID CALLS FOR SOVIET MANUFACTURE OF STAINLESS BLADED TURBINES DESIGNED BY NOHAB OF SWEDEN.

5. THE FIRST ROUND OF JOINT SOVIET-WESTINGHOUSE BIDS WERE CANCELLED UPON RECOMMENDATION OF CONSULTING ENGINEERS TO THE PUD BECAUSE THE BIDDERS TOOK EXCEPTION TO SOME LIABILITY CLAUSES AND OTHER COMMERCIAL TERMS OF THE SPECIFICATIONS DOUBT AS TO THE MANUFACTURING CAPABILITY OF THE LENINGRAD METAL WORKS MAY ALSO HAVE PLAYED A ROLE IN THE REJECTION OF THE BIDS. PRIOR TO THE NOVEMBER 1973 BID-OPENING, PUD OFFICIALS INSPECTED THE LENINGRAD FACILITY AS WELL AS THE FACILITIES OF OTHER BIDDERS IN FRANCE, SWEDEN, AND SWITZERLAND. ACCORDING TO THE PUD DIRECTOR, ALL FACILITIES AND CAPABILITIES WERE FOUND TO BE ACCEPTABLE.

6. A SOVIET-WESTINGHOUSE BID WAS THE LOWEST IN THE SECOND ROUND OF BIDDING IN NOVEMBER. THE \$40.8 MILLION BID WAS ALMOST \$7 MILLION BELOW THE SECOND BIDDER, NEYRPIC OF FRANCE, AND \$11 MILLION BELOW THE ENGINEERS' ESTIMATE. SULZER BROTHERS OF SWITZERLAND WAS THE THIRD LOWEST BIDDER AT \$49.8 MILLION. ALLIS-CHALMERS WAS HIGH AT \$53.6 MILLION. THE JOINT SOVIET-WESTINGHOUSE NOHAB BID CAME TO \$50.7 MILLION.

7. THE PUD EXPECTS TO COMPLETE EVALUATION OF THE BIDS BY MID-FEBRUARY.

8. FYI. THE SOVIETS HAVE INFORMED US OF THEIR CONCERN LIMITED OFFICIAL USE

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THAT POLITICAL CONSIDERATIONS MIGHT BE A FACTOR IN THE FINAL DECISION OF THE STATE OF WASHINGTON. OUR LATEST INFORMATION HOWEVER IS THAT THE WESTINGHOUSE-SOVIET-NOHAB BID IS LIKELY TO WIN FINAL APPROVAL. RUSH

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## Message Attributes

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